

## SOLICITATION NOTICE

**Notice of Availability of Funds and FY 2008 – 2009 Program Solicitation for  
The Commonwealth of Kentucky/Cabinet for Economic Development (CED) / Department of  
Commercialization and Innovation (DCI)  
Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Matching  
Funds Award Program**

- Announcement:** Notice of Solicitation for Grant Applications under the Commonwealth of Kentucky SBIR/STTR Matching Funds Award Program
- Statute and Guidelines:** This Solicitation is issued pursuant to the Matching Funds Award Program established and the Program Guidelines that govern the administration of this Program. **The Program Guidelines are set forth in Exhibit I hereto and are incorporated into this Solicitation by reference** as though set forth in their entirety herein. These Guidelines may also be found on the Kentucky Cabinet for Economic Development/Department of Commercialization and Innovation website:  
[www.ThinkKentucky.com/dci/SBIR](http://www.ThinkKentucky.com/dci/SBIR)
- Solicitation Period:** July 21, 2008, to May 29, 2009, or until Matching Funds Award Program funds for FY 08-09 have been exhausted. When the total funds allocated to this Solicitation have been exhausted, notification will be made on the DCI and KSTC website(s) and no further Applications will be processed.
- Key Dates:** The Closing date for receipt of applications under this announcement is May 29, 2009. No applications submitted in response to this Solicitation will be accepted after the closing date or after funds available for this solicitation have been exhausted.
- Applicants must have received official notification of a Federal Phase I or Phase II SBIR/STTR including Fast-Track Awards by a Federal agency on or after January 1, 2008, to qualify for a Kentucky Phase I or Phase II SBIR/STTR Matching Funds Award, respectively.**
- Phase I/Phase II Awardees:** An applicant shall only apply once and shall only receive one Matching Funds Award for each Federal SBIR/STTR Award received. An applicant who received a prior Phase I Kentucky SBIR/STTR Matching Funds Award may not apply for the same Phase I Award in any subsequent Solicitation.
- Fast-Track Awardees:** Fast-track awardees can and must apply separately for each phase of the Matching Funds grant. Each phase of a fast-track award will be counted separately towards the maximum of five Matching Funds Awards. The Matching Fund application for the phase II portion of the fast-track federal award should not be submitted until after the actual completion of the phase I portion of the federal fast-track award.
- Maximum Match Amount:** For Phase I applications: up to 100% of the initial Federal SBIR/STTR Program Phase I award, not to exceed \$100,000.  
For Phase II applications: up to 100% of the initial Federal SBIR/STTR Program Phase II award, not to exceed \$500,000 per year; \$1,000,000 maximum amount (two years).
- Each Phase I and Phase II Award shall count as a separate Award towards a maximum of five (5) Awards per company for the Matching Funds Award Program.

**Funding Available:**

The amount of funding currently available for awards under the Matching Funds Award Program is **\$6,103,500**. Applications received prior to the end of Round 2 will be given priority for Round 3 funding.

Inquiries about the Matching Funds Program should be addressed to:  
KENTUCKY SCIENCE AND TECHNOLOGY CORPORATION  
Kentucky SBIR/STTR Matching Funds Award  
ATTN: Ken Ronald, Program Manager  
200 West Vine Street, Suite 420  
Lexington, KY 40507  
[kronald@kstc.com](mailto:kronald@kstc.com) (859) 246-3252

**I. SUMMARY**

The Kentucky SBIR/STTR Matching Funds Award Program is designed to award matching funds to for-profit, Kentucky-based companies that have been granted a Federal Small Business Innovation Research Program or Federal Small Business Technology Transfer Program (the “Federal SBIR/STTR Program”) Phase I or Phase II award for research and technology development that is consistent with one or more of the five (5) research and development focus areas as defined in the DCI 2002 Kentucky “Strategic Plan for the New Economy.” The five focus areas are: (1) Biosciences; (2) Environmental and Energy Technologies; (3) Human Health and Development; (4) Information Technology and Communications; and (5) Materials Science and Advanced Manufacturing. “Kentucky based” is defined as “a business with its principal place of business in Kentucky and no less than fifty-one percent (51%) each of its property and payroll, as defined in the Program Guidelines, located in Kentucky.”

**The Grant Agreement for both Phase I and Phase II Kentucky SBIR/STTR Matching Funds Awards shall require the recipient company to maintain, report, and certify its Kentucky based status for 60 months (5 years) after final disbursement of funds or repay the entire grant amount.**

**Companies located outside of Kentucky are eligible to apply.** The Grant Agreement for out-of-state companies will include the stipulation that no funds will be disbursed until the company satisfies all the requirements in this Solicitation. The company will have 60 days from the date of the Grant Agreement to relocate to Kentucky and meet the other eligibility requirements for the Kentucky Matching Funds Award Program. After 60 days, if the eligibility requirements are not met, the funds identified for the Grant will be forfeited and made available to other companies. A company from outside of the State of Kentucky may not commence work on its Federal SBIR/STTR effort until after it has transferred its primary place of business to Kentucky. If an out-of-state company has already commenced work on its Federal SBIR/STTR grant before relocation to Kentucky, it will not qualify for the Kentucky Matching Funds Award Program for that specific Federal SBIR/STTR Grant.

The Federal SBIR/STTR Program provides funding for competitions in two phases: **Phase I** - to conduct feasibility research (typically, these awards do not exceed \$100,000); and **Phase II** -

to expand and develop Phase I results and develop commercially viable innovations (typically Phase II awards do not exceed \$750,000). More information about the Federal SBIR/STTR Program may be found at: [www.sbirworld.com](http://www.sbirworld.com).

Through a contractual arrangement with DCI, the Kentucky Science and Technology Corporation, administers the Kentucky Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Matching Funds Award Program in the manner set forth in the Guidelines for the Kentucky SBIR/STTR Matching Funds Award Program. Funding for the program is provided by DCI. **These Guidelines are published on the DCI website at: [www.ThinkKentucky.com/dci/SBIR](http://www.ThinkKentucky.com/dci/SBIR) and are incorporated into this Solicitation as Exhibit I. Terms not otherwise defined herein have the meaning set forth in the Guidelines.**

## **II. ELIGIBILITY, LIMITATIONS ON AWARDS AND USE OF MATCH FUNDS**

An Applicant must satisfy the eligibility requirements and is subject to the limitations set forth in the Guidelines. **Applicants are strongly encouraged to read and understand the Guidelines to determine if they are eligible to submit Applications.** An applicant is restricted to a maximum of (5) Matching Funds Awards over the Program lifetime. An applicant may only receive one Phase I and one Phase II award per solicitation.

In addition to quarterly reports, Phase II Awardees shall be required to submit an annual report for year one which will document the progress of the first year of the Matching Funds SBIR/STTR award. The continuation of funding for the second year of Kentucky Matching Funds Phase II will be contingent upon availability of funds from the state and satisfactory progress of year one Federal and Kentucky Matching Funds Phase II efforts. The Phase II annual report (appendix C) will include a revised work plan, a revised budget and documentation from the Federal agency showing the amount of continued (2<sup>nd</sup> year Phase II) Federal funding.

**Allowable Uses of Matching Funds Award:** Under the Matching Funds Award Program allowable costs are those related directly to the project for which a Federal Phase I or Phase II award has been made and for which Matching Funds Award Program funds have been made available, including but not limited to, direct costs for conducting **additional** technology development work, testing and validation of the technology or product prototype, protection of intellectual property, market research, patent research, development of a business plan, hiring technical and business consultants, reasonable travel, and purchase of small equipment (up to \$25,000 for Phase I or up to \$100,00 for Phase II, unless otherwise justified by the Applicant and approved by KSTC/DCI). Companies will not be allowed to charge a fee as allowed by the Federal agencies on their SBIR/STTR Phase I or Phase II grants.

## **III. MATCHING FUNDS APPLICATION:**

Applications will be considered and funds awarded, as established in the Guidelines, through the end of this Solicitation Period **or** until the funds available under this Solicitation have been exhausted.

Applications that do not include ALL of the documents specified below will be considered incomplete.

Applicants must apply on-line for the Kentucky SBIR-STTR Phase I or Phase II Matching Funds Award. The application link is available on the KSTC website ([www.kstc.com](http://www.kstc.com)). To view the application forms, click on the Kentucky Matching Funds Award Program On-Line Application. The forms on this website must be filled out completely and all sections must be completed in accordance with the Guidelines. Applications that do not include ALL of the documents specified below will be considered incomplete. Proprietary or classified material included in a proposal for funding shall be clearly marked by the Applicant on the documentation provided with the Matching Funds Award Application.

To be considered for a Matching Funds Award for **both Phase I or Phase II and** to receive an **initial disbursement** of the Matching Funds Award, each Applicant must submit the following documents in the order listed below. The signed, notarized certification page with original signatures must be submitted via US mail.

1. **A completed Online Application** including a certification from an independent CPA in Kentucky that not less than fifty-one percent (51%) each of the Applicants property and payroll, as defined in the Program Guidelines, is located in Kentucky and not less than fifty-one percent (51%) of the activity conducted under the SBIR or STTR effort, if awarded, will be performed in Kentucky. The total Federal SBIR/STTR Phase I or Phase II award, exclusive of Phase IB or Phase IIB enhancement awards, etc., will be considered in determining the Kentucky SBIR-STTR Matching Funds award.

2. A current **Certificate of Existence or Certificate of Authorization** for the Applicant issued by Kentucky's Secretary of State **and** documentation that the Applicant is in **Good Standing** with the Kentucky Secretary of State. For information please go to the Kentucky Secretary of State's website at: <http://sos.ky.gov/business/records/>

3. **Evidence that the Applicant has received a Federal SBIR/STTR Phase I or Phase II Award**. This evidence must include **one** of the following:

- a. A copy of the executed Federal SBIR/STTR Phase I or Phase II grant or contract; or,
- b. An Official Notification of Award from the Federal funding agency. Official Notifications of Award may only be issued by the finance, accounting, contracting, or other unit of the Federal agency officially authorized to commit and obligate the agency under the terms of the Federal SBIR/STTR Solicitation for which a Matching Funds Award is sought. All other forms of notification are not considered official for the purposes of the Matching Funds Award Program. All Applications submitted without an Official Notification of Award will be deemed incomplete and not considered for the Matching Funds Award Program.

4. A signed **CED Economic Incentive Disclosure Statement**

5. A letter of acknowledgement of the Application from the **Director of the Kentucky Innovation and Commercialization Center** that serves the region in which the Applicant is located.

6. A copy of the **Federal Phase I or II SBIR/STTR application**.

#### **IV. APPLICATION PREPARATION AND SUBMISSION**

A. The required documents listed in the previous section must be assembled and submitted to KSTC Online through the Online Application and Reporting System.

**Section 1.** Application Form (fill out online)

**Section 2.** A current Certificate of Existence or Authorization and documentation of "good standing" issued by the Kentucky Secretary of State.

**Section 3.** Evidence of SBIR/STTR Phase I or Phase II award from the Federal funding agency. (Official notice of award or signed contract)

**Section 4.** A signed CED Economic Incentive Disclosure Statement. (Appendix F)

**Section 5.** A letter of acknowledgement of the Application from the Director of the Kentucky Innovation and Commercialization Center that serves the region where the applicant is located.

**Section 6.** Supporting materials. (CPA letter, notarized certification form-Appendix A)

**Section 7.** A copy of the Federal Phase I or Phase II SBIR/STTR application.

B. All sections comprise the total application package. Incomplete packages will not be considered; however, out-of-state companies shall have 60 days from the date of the Grant Agreement to relocate to Kentucky and complete their application package. All documents should be submitted on-line using the on-line application system. The company certification or signature page may be scanned and uploaded, but the original copy as well as the original Economic Incentive Disclosure Statement should be sent to KSTC by return receipt mail, courier service with tracking service, or in person with delivery receipt to the following address:

## **KENTUCKY SCIENCE AND TECHNOLOGY CORPORATION**

### **Kentucky SBIR/STTR Matching Funds Program**

***ATTN: Ken Ronald***

**200 West Vine St., Suite 420**

**Lexington, KY 40507**

C. A return mailing address must be clearly visible on the outside of all packages and containers used in the delivery or mailing of the documents.

D. Deadline: All materials pertaining to the Application must be received anytime during the Solicitation Period but **no later than 4:00 p.m. Eastern Time, on May 29, 2009**. No applications or supplemental materials submitted in response to this Solicitation shall be accepted after the closing date, or the time when total funds allocated to this Solicitation have been exhausted, except for supplemental material requested by KSTC and/or DCI. KSTC/DCI is not responsible for Applications or materials lost or delayed in transmission. When the total funds allocated to this Solicitation have been exhausted, notification will be made on the DCI and KSTC website(s) and no further Applications will be processed.

## **V. APPLICATION REVIEW AND APPROVAL**

A. Applications will be reviewed as they are received to ascertain compliance with the requirements of this Solicitation (including Matching Funds Award Program Guidelines, Exhibit I), through the end of the Solicitation Period. Applications received after 4:00 p.m. Eastern Time May 29, 2009, or after funds have been exhausted, will not be considered for the Matching Funds Program.

B. To qualify for funding, Applications must be complete and in full compliance with all requirements. Incomplete or non-compliant Applications will be returned without further review. At its discretion, KSTC and/or DCI may request supplemental materials or revisions from the Applicant and such materials must be received within 15 days of the date of the request or the Application will be returned to the Applicant without further review and will have to be resubmitted.

C. Applications **that meet all the requirements set forth herein** will be approved on a rolling, first-come, first served basis, through the end of the Solicitation Period, or until the funds available for the Matching Funds Program have been exhausted.

D. Applicants that are relocating from outside of the state of Kentucky may apply for and receive **conditional approval** for a Kentucky SBIR/STTR Matching Funds Award Grant. The conditional approval will result in Grant Agreement between the company and KSTC which will stipulate that **all** existing Guidelines or requirements must be met before any initial funds will be disbursed.

Companies relocating to Kentucky shall have 60 days from the date of the Grant Agreement to meet the eligibility requirements stated in the Guidelines and to provide all required documentation to KSTC. These include a letter from a certified public accountant certifying that the company's primary place of business is now Kentucky, and that over 51% of the proposed work in the Kentucky Matching Funds Program will be conducted in the state of Kentucky; a Certificate of Existence from the Kentucky Secretary of State; documentation showing the company is in good standing and evidence that the work on the Federal Phase I or Phase II SBIR/STTR has not commenced until after the company relocated to Kentucky. Documentation from the Federal Agency will also be required acknowledging that the company has changed its primary place of business to a named location in Kentucky and that the federal award is credited to the state of Kentucky.

## **VI. GRANT AGREEMENT & PAYMENT OF AWARDS**

A. Prior to receiving an Award disbursement under this Program, Matching Fund Award Recipients will be required to enter into a Grant Agreement with KSTC on behalf of DCI, which will contain the requirements specific to the Matching Funds Award as described in the Guidelines.

B. After the execution and return of the Grant Agreement to KSTC and submission of any required additional information, the DCI will issue Matching Funds Award Grant payments to KSTC for disbursement to Award Recipients in accordance with the disbursement schedule provided in the guidelines. Disbursement of funding is predicated on timely submission of required reports or deliverables.

## **VII. REPORTING REQUIREMENTS**

All Recipients must submit a quarterly status report in the form of Appendix B, every three months after receipt of an Award, and a draft and final report in the form of Appendix D within the last 30 days of the Award period. Phase II awardees shall submit an annual report in the form of Appendix C which shall document the work conducted in year one and shall demonstrate acceptable progress towards overall program goals. The report shall also contain evidence of continued funding from the Federal agency for year two (2) of the Federal SBIR or STTR.

Both Phase I and Phase II Awardees shall submit an Annual Company Status Report for a period of 60 months after receipt of final award disbursement. **There is a requirement to maintain the companys' Kentucky based status for 60 months after final disbursement of funds. If the company leaves before the 60 months, the grant must be repaid in full.** This status report shall document the annual progress and success of the company to create jobs in Kentucky and the efforts made to commercialize the technology (Appendix E).

## **VIII. GENERAL INFORMATION**

A. Inquiries about the Matching Funds Program should be addressed to:  
KENTUCKY SCIENCE AND TECHNOLOGY CORPORATION  
Kentucky SBIR/STTR Matching Funds Award  
ATTN: Ken Ronald, Program Manager

200 West Vine Street, Suite 420  
Lexington, KY 40507  
[kronald@kstc.com](mailto:kronald@kstc.com) (859) 246-3252

B. Current solicitation information for all DCI funding programs is available on the DCI website at [www.ThinkKentucky.com/dci/SBIR](http://www.ThinkKentucky.com/dci/SBIR) Current Federal SBIR/STTR program information and solicitations are available online at: <http://www.sbir.gov>.

C. The On-Line Application System is available at the following link.  
<http://www.kintera.org/site/c.deIDLKOUGrF/b.2857105/>

**The Commonwealth of Kentucky/Cabinet for Economic Development (CED)/  
Department of Commercialization and Innovation (DCI)  
Small Business Innovation Research (SBIR)  
and Small Business Technology Transfer (STTR)  
Matching Funds Award Program**

Application Form: (See Online Application System)  
<http://www.kintera.org/site/c.deIDLKOUGrF/b.2857105/>

Appendices:

Appendix A-Company Certification-Notarized  
Appendix B-Quarterly Status Report  
Appendix C-Annual Status Report (Phase II only)  
Appendix D-Draft/Final Report Template  
Appendix E-Annual Company Status Report  
Appendix F-Cabinet for Economic Development Economic Incentive  
Disclosure Statement

Exhibit I: Program Guidelines

For assistance contact:

Kentucky SBIR/STTR Matching Funds Award Program  
Attn: Ken Ronald, Program Manager  
Kentucky Science and Technology Corporation  
200 West Vine Street, Suite 420  
Lexington, KY 40507  
[kronald@kstc.com](mailto:kronald@kstc.com) (859) 246-3252



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## APPENDIX A

### Company Certification

The Applicant certifies that all statements, representations, and warranties made by the Applicant, or on its behalf, and any materials furnished by the Applicant or on its behalf in connection with this Application, including the information provided by the Applicant in the attached **"Applicant Information Form,"** are true, accurate, and complete in all material respects, and do not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained herein or therein not materially misleading, to the best of the Applicant's knowledge and belief.

The Applicant certifies that it has reviewed and understands the Guidelines for the Kentucky SBIR/STTR Matching Funds Award, and that it meets all of the applicable eligibility requirements.

The Applicant understands that release of any grant funds is contingent upon the Applicant's execution of a Grant Agreement, and that disbursement of funds is based upon the Applicant's compliance with its terms and may be subject to recapture for non-compliance.

The Applicant has read and understands Kentucky's laws regarding the treatment of public records and confidential information and their application to economic development projects.

The Applicant acknowledges and accepts the Commonwealth of Kentucky's absolute right in its sole discretion to withhold, discontinue, or retract and recover in part or in full any monies awarded and/or distributed pursuant to the SBIR/STTR Matching Funds Award Program if it is determined that the Applicant has engaged in unlawful conduct or conduct which violates the spirit and intent of the Matching Funds Program.

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1. Name of Authorized Company Official [Please type.]	2. Company Name.
3. Title of Authorized Company Official	
4. Signature and Date of Authorized Company Official	
5. E-mail Address	

State of \_\_\_\_\_

County of \_\_\_\_\_

I, \_\_\_\_\_, Notary Public, do hereby certify that,

\_\_\_\_\_ personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

This the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public, State at Large

Seal (if outside state of Kentucky)

My Commission expires \_\_\_\_\_

## APPENDIX B

### Quarterly Status Reports

#### QUARTERLY STATUS REPORT TEMPLATE FOR PHASE I AND PHASE II

**Grant Award KSTC-184-512-XX-XXX;**

**Grantee:** \_\_\_\_\_

**Quarter #** \_\_\_\_\_ **; Dates From** xx/xx/xx **to** yy/yy/yy

**Report Submission Date:** \_\_\_\_\_

**PI:** \_\_\_\_\_ **Phone:** \_\_\_\_\_ **Email:** \_\_\_\_\_

Quarterly Reports shall concentrate on reporting work conducted within the previous quarter. You may summarize work completed to date, but emphasis should be placed on work completed in the most recent quarter.

#### **TECHNICAL/BUSINESS:**

Work performed this past quarter: (Most recent activity to date)

Work performed to date: (Summary of work on total effort to date)

Work anticipated for next quarter:

Any technical or business issues and potential resolutions:

#### **FINANCIAL:**

Total Kentucky Matching Funds Award Amount:

Current funds received to date:

Budget line items-expenditures to date:

Anticipated next allotment of KY Matching funds: (Date and amount)

Equipment: (List any equipment purchases this quarter)

Supplies: (List any major supplies/purchases this quarter, list the cost for each)

Any financial issues both good and bad: (example: Outside funding was received from other agencies or Agency Matching funds received leveraging the Kentucky SBIR/STTR Matching Funds Program; additional equity investors)

**SCHEDULE:**

Current KY Matching Funds Grant Schedule:

What was your start date? Projected completion date?

Federal SBIR-STTR Reports:

Has your Federal Phase II application been submitted? If yes, when did you submit it?

If not, has your Federal Phase I SBIR-STTR final report been submitted? If not, when?

Next Quarter Events:

Any Schedule Issues/Resolution/Action Plans:

**TRAVEL:** (List any program related travel that you undertook this past quarter)

**INVENTIONS AND PATENT APPLICATIONS:** Please list application type, title, inventors, date applied, assigned number, and status of each application, and details of technology etc.

**PRESENTATIONS:** Please include: Conference title or location description, city, state, date, presentation title, type, and presenters for each.

**NUMBER AND LEVEL OF JOBS CREATED THIS QUARTER WITH MATCHING FUNDS GRANT:**

**ANY WORK UNDERTAKEN TO RECEIVE ADDITIONAL FUNDS TO FURTHER THIS EFFORT:** List any other public or private funding to continue or further this technology effort.

**PROPOSED TIMEFRAME FOR COMMERCIALIZATION OF TECHNOLOGY**  
(including other funding sources to be sought):

**IDENTIFY ANY LICENSE AGREEMENTS FOR THIS TECHNOLOGY SIGNED IN THE PAST QUARTER.**

**COLLABORATION/PARTNERSHIPS:** Please include name, address, phone number of any new collaborations and affiliation with Universities or companies.

**COMPANY POC:**\_\_\_\_\_

**SIGNATURE:**\_\_\_\_\_

# APPENDIX C

## ANNUAL REPORT TEMPLATE

### PHASE II-ANNUAL REPORT TEMPLATE KENTUCKY SBIR/STTR MATCHING FUNDS PROGRAM

**Grant Award KSTC-184-512-XX-XXX; Phase II Annual Report**  
**Report Submission Date:** \_\_\_\_\_ **Period of Work** **From xx/xx/xx To yy/yy/yy**  
**Grantee:** \_\_\_\_\_

**PI:** \_\_\_\_\_ **Phone:** \_\_\_\_\_ **Email:** \_\_\_\_\_

The following shall serve as the annual report template and must be submitted to the KENTUCKY SCIENCE AND TECHNOLOGY CORPORATION 30 days before the end of year one of the Grant Agreement execution date. This Annual Report must be typewritten, signed, and dated by an authorized company officer. It may be submitted through US mail or may be submitted electronically in Microsoft Word format On-Line to KSTC when the On-Line System is available.

**Failure of the Applicant to file a timely Annual Report will impact the Applicant's ability to apply for future State SBIR/STTR Matching Funds.** Please provide a thorough and complete response to each of the questions below.

- 1) Please discuss any effects the Kentucky SBIR/STTR Phase II Matching Funds Award had on your Company.
- 2) Please list patent applications that were filed or approved since the award of Matching Funds Program Grant
- 3) Please provide any general comments you may have about this program.
- 4) Projected date for a product or prototype?
- 5) Projected date for commercialization?
- 6) Does the Company plan to manufacture the product in Kentucky?
- 7) What do you expect the value of the product/services sold in the first full year of production?
- 8) Does the Company plan to license the technology?
- 9) If so, what do you estimate the value of the license(s)?

#### **TECHNICAL:**

**Summarize the work conducted in the first year under Matching Funds Grant Agreement** (include the importance/significance of the technology)

**Goals of Project:** (Description of Grant Application original goals)

**Work Performed During Grant:** (Identify tasks and activities to date)

**Any Technical Issues:** (Discuss any changes or revisions to your work plan)

**Attach a revised work plan here for the second year of your phase II SBIR/STTR.**  
(required, but can be the same as original if no changes)

**FINANCIAL:**

**Total Kentucky Matching Funds Award:**

**Current Funds Received To Date:**

**Total of Expenditures to Date:**

**Attach a revised budget for year 2 of your Phase II SBIR/STTR effort** (required, but can be the same as original if no changes)

**SCHEDULE:**

**Current KY Matching Funds Program Schedule:**

What was your start date? Projected completion date? Any revisions to the original dates?

**Attach a revised gantt chart.** (required, but can be same as original if no changes)

**FEDERAL SBIR-STTR REPORTS**

Has your Federal Phase II final report been submitted? If yes, when? If not, when?

**COMMERCIALIZATION PLANS:** (Discuss any venture funding or other funding sources identified for future commercialization of this technology or discuss any licensing arrangements)

**TRAVEL:** (List any program related travel conducted under this project)

**PRESENTATIONS:** Please include: Conference title or location description, city, state, date, presentation title, type, and presenters for each.

**EQUIPMENT:** (List any equipment purchases)

**INVENTIONS AND PATENT APPLICATIONS:** Please list application type, title, inventors, date applied, assigned number, and status of each application, and details of technology etc.

**NUMBER AND LEVEL OF JOBS CREATED WITH MATCHING FUNDS PROGRAM:**

**PROJECTED ECONOMIC IMPACT IN KENTUCKY:**

# APPENDIX D

## DRAFT/FINAL REPORT TEMPLATE

### PHASE I AND PHASE II-DRAFT/FINAL REPORT TEMPLATE KENTUCKY SBIR/STTR MATCHING FUNDS PROGRAM

**Grant Award KSTC-184-512-XX-XXX; Final Report**  
**Report Submission Date:** \_\_\_\_\_ **Period of Work** From xx/xx/xx To yy/yy/yy  
**Grantee:** \_\_\_\_\_

**PI:** \_\_\_\_\_ **Phone:** \_\_\_\_\_ **Email:** \_\_\_\_\_

The following shall serve as the draft final report template and must be filed with the KENTUCKY SCIENCE AND TECHNOLOGY CORPORATION within 30 days of Grant Completion or during the last quarter of the proposed Gant Agreement. The draft final will be reviewed and returned with comments for incorporation into the Final Report. This Final Report must be typewritten, signed, and dated by an authorized company officer or may be submitted electronically in Microsoft Word format to KSTC within two weeks of receiving comments back from the draft report submission.

**Failure of the Applicant to file a timely Final Report will impact the Applicant's ability to apply for future State SBIR/STTR Matching Funds.** Please provide a thorough and complete response to each of the questions below.

- 1) If your Company was awarded a Federal Phase II contract, please state the date of award and the contract amount.
- 2) If a Phase II contract was awarded but the Company was unable or unwilling to accept the contract, please explain.
- 3) Please state whether the Company plans to continue the proposed research with its own or other resources if a Federal Phase II contract was not awarded. If this is the case will/did the Kentucky SBIR/STTR Phase I Matching Funds Award contribute to the Company's ability to continue the research?
- 4) Please discuss any material effects the Kentucky SBIR/STTR Phase I or Phase II Matching Funds Award had on your Company.
- 5) Please list patent applications that were filed or approved since the award of Matching Funds Program Grant
- 6) Projected date for a product or prototype?
- 7) Projected date for commercialization?
- 8) Does the Company plan to manufacture the product in Kentucky?
- 9) What do you expect the value of the product/services sold in the first full year of production?
- 10) Does the Company plan to license the technology?
- 11) If so, what do you estimate the value of the license(s)?
- 12) If you have not provided your Phase II Federal Business Plan, please attach it to this report.
- 13) Please provide any general comments you may have about this program.

**TECHNICAL:**

**Summarize the work conducted under Matching Funds Grant Agreement** (include the importance/significance of the technology)

**Goals of Project:** (Description of Grant Application original goals)

**Work Performed During Grant:** (Identify tasks and activities supporting the Federal Grant)

**Any Technical Issues:** (Both resolved and remaining for future commercialization)

**FINANCIAL:**

**Total Kentucky Matching Funds Award:**

**Current Funds Received To Date:**

**Total of Expenditures to Date:**

**FEDERAL SBIR-STTR REPORTS****If Phase I:**

When was your Federal Phase II application submitted? What is the status?

Has your Federal Phase I SBIR-STTR final report been submitted? If yes, when? If not, when?

**If Phase II:**

Has your Federal Phase II final report been submitted? If yes, when? If not, when?

**COMMERCIALIZATION PLANS:** (Discuss any venture funding or other funding sources identified for future commercialization of this technology)

**TRAVEL:** (List any program related travel conducted under this project)

**PRESENTATIONS:** Please include: Conference title or location description, city, state, date, presentation title, type, and presenters for each.

**PUBLICATIONS:** Please list any publications planned or published with data from this effort.

**EQUIPMENT:** (List any equipment purchases)

**INVENTIONS AND PATENT APPLICATIONS:** Please list application type, title, inventors, date applied, assigned number, and status of each application, and details of technology etc.

**NUMBER AND LEVEL OF JOBS CREATED WITH MATCHING FUNDS PROGRAM:**

**PROJECTED ECONOMIC IMPACT IN KENTUCKY:**

# APPENDIX E

## ANNUAL COMPANY STATUS REPORT

### PHASE I AND PHASE II KENTUCKY SBIR/STTR MATCHING FUNDS PROGRAM

**Grant Award KSTC-184-512-XX-XXX;**  
**Annual Company Status Report Number: 1 2 3 4 5 (please circle)**  
**Period of Work:** From xx/xx/xx To yy/yy/yy

**Grantee:** \_\_\_\_\_

**PI:** \_\_\_\_\_ **Phone:** \_\_\_\_\_ **Email:** \_\_\_\_\_

Number of Employees at end of Kentucky Matching Funds effort? \_\_\_\_\_

Number of Employees currently employed by company? \_\_\_\_\_

Number of Employees expected to be hired in the next year? \_\_\_\_\_

For each New Position, please list types of positions created and salary range.  
(Professional, Technician, Production, Manufacturing, Administration, Intern,  
Other)

	<u>Type of Position</u>	<u>Salary Range</u>
Job #1	_____	_____
Job #2	_____	_____
Job #3	_____	_____
Job #4	_____	_____
Job #5	_____	_____

Describe any activities or efforts to further commercialize, patent or license the technology funded by the Kentucky Matching Funds Program, include any additional capital sources. (SBIRs/STTRs, Venture capital, other) Please list any other program comments or technology maturation comments.

\_\_\_\_\_  
\_\_\_\_\_

**Please have an independent CPA fill out the letter/template which can be found/downloaded from the Online Application System. Submission of this letter is an annual requirement for the 5 year period after receipt of your final payment from the Kentucky SBIR-STTR Matching Funds Program.**



# APPENDIX F

## CABINET FOR ECONOMIC DEVELOPMENT

### ECONOMIC INCENTIVE DISCLOSURE

### STATEMENT

**INSTRUCTIONS:** In accordance with the Executive Branch Code of Ethics, Chapter 11A of the Kentucky Revised Statutes ("KRS"), *before* any board or authority within or attached to the Cabinet for Economic Development ("CED") takes final action on any contract or agreement by which a bond, grant, lease, loan, assessment, incentive, inducement, or tax credit is awarded (the "incentive package"), the beneficiary of the incentive package must file with the approving board or authority a disclosure statement stating: (i) the identity of the beneficiary of the incentive package, (ii) the identity of any person employed to act on behalf of the beneficiary with respect to the incentive package, (iii) the details of any financial transaction (as defined in KRS 11A.201(5)(a), see below) between the beneficiary (or any other person listed in (ii) above) and any agent or public servant of the Cabinet for Economic Development, any member of any board or authority within or attached to that Cabinet, or any other public servant involved in the negotiation of the economic incentive package. Your application or request will not be processed until this form is filed. CED will file copies of this form with the Executive Branch Ethics Commission pursuant to KRS 11A.233(2).

**NOTE:** For purposes of KRS 11A.201(5)(a), the definition of "financial transaction" is activity conducted or undertaken for profit, not available to the general public on the same terms, that arises from the joint ownership, the ownership, or part ownership in common, of any real or personal property or any commercial or business enterprise of whatever form between:

- 1) Beneficiary, agent or employee of the beneficiary; and
- 2) CED agent, employee, member of board or authority attached to CED, or other public servant involved in the negotiation of any incentive package.

Beneficiary's Legal Name:

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Type(s) of Economic Incentive Package(s): (include the Matching Funds Award that you are applying for)

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Please identify all employees or agents of the Beneficiary who have acted on behalf of the Beneficiary in its dealings with the CED or any board or authority within or attached to the

CED (please attach separate sheet if additional room is needed) in regard to the above incentive package:

Name & Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Name & Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Name & Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Name & Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Have any of the above-listed employees or agents of the Beneficiary had any "financial transactions" (as defined above) with a CED agent, employee, or a board or agency attached to CED or any other public servant involved in the negotiation of any economic incentive package?

Yes: ☐  
No: ☐

If yes, please detail any "financial transactions" (as defined above) between the Beneficiary (or any other person listed as an employee or agent of the Beneficiary) and (i) any agent or public servant of the CED, (ii) any member of any board or authority within or attached to that Cabinet, or (iii) any other public servant involved in the negotiation of the economic incentive package (please attach separate sheet if needed):

1. Name of Beneficiary (Agent or Employee):

\_\_\_\_\_

Name of Cabinet (Agent, Employee or Board/Authority member):

\_\_\_\_\_

Name of Other Public Servant:\_\_\_\_\_

Description of Financial Transaction:\_\_\_\_\_

\_\_\_\_\_

2. Name of Beneficiary (Agent or Employee):

\_\_\_\_\_

Name of Cabinet (Agent, Employee or Board/Authority member):

\_\_\_\_\_

Name of Other Public Servant: \_\_\_\_\_

Description of Financial Transaction: \_\_\_\_\_

\_\_\_\_\_

3. Name of Beneficiary (Agent or Employee): \_\_\_\_\_

Name of Cabinet (Agent, Employee or Board/Authority member): \_\_\_\_\_

\_\_\_\_\_

Name of Other Public Servant: \_\_\_\_\_

Description of Financial Transaction: \_\_\_\_\_

\_\_\_\_\_

The undersigned, a duly authorized representative of the Beneficiary listed above, hereby certifies that the information set forth in this Economic Incentive Disclosure Statement has been reviewed, and is true and correct to the best of the knowledge of the undersigned.

Signature:

\_\_\_\_\_

Date:

\_\_\_\_\_

## *Exhibit I-Program Guidelines*

# The Kentucky Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Matching Funds Award Program

### **A. PROGRAM SUMMARY**

The Kentucky SBIR/STTR Matching Funds Award Program is designed to award matching funds to Kentucky-based companies that have been granted a Federal Small Business Innovation Research Program or Small Business Technology Transfer Program (the “Federal SBIR/STTR Program”) Phase I or Phase II award for research in one or more of the five (5) research and development focus areas as defined in the Department of Commercialization and Innovation (DCI) 2002 Kentucky “Strategic Plan for the New Economy.” The five focus areas are: (1) Biosciences; (2) Environmental and Energy Technologies; (3) Human Health and Development; (4) Information Technology and Communications; (5) Materials Science and Advanced Manufacturing (DCI Focus Areas).

A company may relocate to Kentucky in order to qualify for the Kentucky Matching Funds Award Program. To qualify as an out-of-state company, the company must submit an application which includes all available documentation, except those related to the Kentucky residency requirements, which must be submitted before any funds are disbursed. A Grant Agreement will be executed, and the Applicant will have a maximum of sixty (60) days from the time of execution of the Grant to relocate and meet all remaining eligibility requirements related to relocation for receiving the award funds or the Grant will be in default. The company must also submit documentation showing acknowledgement from the Federal Agency regarding the move to Kentucky.

The Applicant must relocate to Kentucky before commencing work on the Federal SBIR/STTR Award. If work has commenced before the move to Kentucky, the applicant is not eligible for the Matching Funds Award Program. Also required is a certification that no less than 51% of the Applicant’s property and payroll is in Kentucky and that 51% of the Matching Funds activity will be in the state of Kentucky.

The Federal SBIR/STTR Program is administered by 11 Federal agencies for the purpose of providing research and development funding to small companies. Companies compete for funding under this program by submitting proposals in response to solicitations issued by participating Federal agencies. The Federal SBIR/STTR Program provides for funding competitions in two phases that are relevant to the Kentucky program: **Phase I** - to conduct feasibility research; and **Phase II** - to expand and develop Phase I results and develop commercially viable innovations. The Federal SBIR/STTR Program also includes **Phase III** for commercializing the product or process developed in Phase II using non SBIR/STTR funds. More information about the Federal SBIR/STTR Program may be found at: [www.sbir.gov](http://www.sbir.gov).

The KENTUCKY SCIENCE AND TECHNOLOGY CORPORATION (KSTC) under contract with the Kentucky Cabinet for Economic Development (CED), Department of Commercialization and Innovation, administers the Kentucky Small Business Innovation Research and Small Business Technology Transfer Research Matching Funds Award Program in the manner set forth in these Guidelines (the “Guidelines” or “Program Guidelines”). Companies may apply for funding under the Matching Funds Award Program by submitting an Application to KSTC in response to a solicitation (a “Matching Funds Award Program Solicitation”) developed and issued by DCI/KSTC. Under the Matching Funds Award Program, a qualified business may receive: one (1) SBIR/STTR Phase I Matching Funds Award (either an SBIR or an STTR Phase I award) and one (1) SBIR/STTR Phase II Matching Funds Award (either an SBIR or an STTR Phase II award) during each Matching Funds Award Program Solicitation Period. DCI, based upon the availability of funds, will set the available Matching Funds Award amounts and the dates during which proposals may be submitted. Applications **that meet the requirements set forth in the Program Guidelines and the Matching Funds Award Program Solicitation** will be approved on a rolling, first-come, first-served basis, through the end of the Solicitation Period, or until the funds available for the Matching Funds Award Program have been exhausted. Under the Matching Funds Award Program, KSTC will receive and review applications and make recommendations to DCI for award of matching funds to Applicants **that meet the requirements set forth in the Guidelines and the Matching Funds Award Program Solicitation**. This process will continue through the end of a Matching Funds Award Program Solicitation Period, or until the funding available for the Matching Funds Award Program has been exhausted. Awards will be made for up to 100% of an Applicant’s Federal SBIR/STTR Program award, up to the maximum amount not to exceed \$100,000 for Phase I and not to exceed \$500,000 per year for Phase II, until the funds available for the Matching Funds Award Program have been exhausted.

All applications shall be submitted through the Online Application and Reporting System. The system can be accessed through the link at <http://www.kintera.org/site/c.deIDLKOUGrF/b.2857105/>

## **B. PROGRAM PURPOSE**

The purpose of the Matching Funds Award Program is to foster job creation and economic development in Kentucky by increasing the competitive position of Kentucky small businesses in attracting SBIR and STTR grant funding, and providing an incentive for Phase I and Phase II award-winning companies to make further progress along the path to commercialization. The goals of the Matching Funds Award Program are to: (1) increase the number of applications for Federal research dollars submitted by Kentucky small businesses conducting research and technology development in one or more of the five DCI Focus Areas; (2) help Kentucky companies bridge the funding gap period between the final Phase I payment and the first Phase II payment in the Federal SBIR/STTR Program; (3) increase the intensity of the research conducted under Phase I, making Kentucky small businesses more competitive in the competition for Phase II funds; (4) augment the funds available for Phase II projects to help improve commercialization efforts leading to Phase III activities; and (5) encourage the establishment and growth of high-quality, advanced technology companies in the Commonwealth of Kentucky.

## C. DEFINITIONS

1. *Applicant* - A small business that submits an application for a Matching Funds Award.
2. *Application* - The required form(s) to be completed and any supporting materials submitted by an Applicant in response to a Matching Funds Award Program Solicitation.
3. *Cabinet for Economic Development (CED)* an agency of the Executive Branch of the Commonwealth of Kentucky established pursuant to Kentucky revised Statutes Chapter 154 and responsible for administering state economic development efforts.
4. *Department of Commercialization and Innovation (DCI)* a department within CED, authorized by the Kentucky Innovation Act and charged with leading the state's new economy efforts.
5. *The "Fast-Track" Mechanism* is available through selected federal agencies. The process expedites the decision and award of SBIR Phase II funding for scientifically meritorious proposals that have a high potential for commercialization. Fast-Track incorporates a submission and review process in which both Phase I and Phase II proposals are submitted and reviewed together. The Phase I portion of a Fast-Track must specify clear, measurable goals (milestones) that should be achieved prior to initiating Phase II work. In addition, as is required for all Phase II proposals, the Phase II portion of the Fast-Track proposal must present a commercialization plan that addresses specific points.
6. *Federal SBIR/STTR Programs* – Federal Program to promote small business and University Research growth by providing funds for fundamental research on topic areas submitted by participating Federal Agencies. Typical Phase I programs last 6 months for SBIR and 12 months for STTR and are limited to \$100,000 awards. Typical Phase II programs are 12 months and \$750,000 awards.
7. *Focus Areas* – The five (5) research and development focus areas as defined in the 2002 Kentucky “Strategic Plan for the New Economy” specifically: (1) Human Health and Development; (2) Information Technology and Communications; (3) Biosciences; (4) Environmental and Energy Technologies; and (5) Materials Science and Advanced Manufacturing.
8. *Grant Agreement*-that agreement memorializing the Matching Funds Award, including but not limited the provisions set forth in Section K hereof.
9. *Kentucky-based* - A business with its principal place of business in Kentucky and no less than fifty-one percent (51%) each of its property and payroll (as defined in these Program Guidelines) located in Kentucky.
10. *Kentucky Science and Technology Corporation* – An independent non-profit organization that promotes and funds small businesses and educational programs while nurturing entrepreneurship relationships between companies, universities and other agencies.
11. *Matching Funds Award* –An amount up to \$100,000 for Phase I awards and up to \$500,000 per year for Phase II awards which supports complementary work on a Federally funded SBIR/STTR award.
12. *Matching Funds Award Program* - Funded by the State of Kentucky, Cabinet for Economic Development, CED; Department of Commercialization and Innovation, DCI the Matching Funds program matches Federal SBIR/STTR awards for additional work to strengthen Kentucky companies and their potential to receive Phase II Federal awards and follow on commercialization efforts of the proposed technology. The main goal of the program is to bring new high technology jobs to Kentucky.
13. *Matching Funds Award Program Solicitation* - The announcement of the Kentucky Matching Funds Program. Identifies the eligibility requirements, application procedures, review process and grant agreement details.

14. *Matching Funds Award Program Solicitation Period* – The length of time the program is open for receiving applications either on-line or via US mail.
15. *Payroll* – The number of full-time employees working directly for the project, fifty-one percent (51%) or more of whom must be bona fide Kentucky residents; AND the gross payroll for the Applicant, fifty-one percent (51%) or more of which must be paid to bona fide Kentucky residents.
16. *Program Guidelines or Guidelines* – A detailed description of all regulations and requirements of the Kentucky Matching Funds SBIR/STTR Program.
17. *Property* – Includes real property and other business and personal property that are subject to depreciation under the Federal Tax Code of 2001 and any amendments thereto.
18. *Recipient* - An Applicant that has been approved to receive a Matching Funds Award.
19. *Small Business* - A small business concern as defined under the Federal SBIR/STTR Program Guidelines that govern the Federal program for which the Applicant is applying.

#### **D. ELIGIBILITY**

An Applicant must satisfy the following conditions to be eligible to submit an Application and be considered for a Matching Funds Award:

1. Applicant must be a small technology based business.
2. Applicant must be Kentucky based or willing to relocate to Kentucky.
3. Applicant must be a Phase I or Phase II Federal SBIR/STTR award winner from one of the participating Federal agencies. The date of the Federal, Phase I or Phase II award, including Fast-Track, should be on or after 1 Jan 2008. The total Federal SBIR/STTR Phase I or Phase II award, exclusive of Phase IB or Phase IIB enhancement awards, etc. will be considered in determining the Kentucky SBIR-STTR Matching Funds award.
4. Applicant must not have received more than a total of five (5) Kentucky SBIR/STTR Matching Funds Awards in the lifetime of this program.
5. An applicant must not have failed in correcting a material breach of a grant or award agreement under any program administered by KSTC or DCI.
6. An applicant can have only one Phase I and one Phase II Kentucky Matching Funds Award per solicitation. A federal Fast-Track is considered as two awards for the purposes of the Matching Funds Program, therefore awardees should submit Matching Fund applications separately for each phase.

#### **E. USE OF MATCHING FUNDS AWARD**

**Allowable Uses of Matching Funds Award:** Under the Matching Funds Program, allowable costs are those related directly to the project for which a Federal Phase I or Phase II award has been made and for which Matching Funds Award Program funds have been made available, including but not limited to, direct costs for conducting additional technology development work, testing and validation of product prototype or the technology, protection of intellectual property, market research, patent search, development of a business plan, hiring technical and business consultants, reasonable travel, and purchase of small equipment (up to \$25,000 for Phase I and up to \$100,000 for Phase II, unless otherwise justified by the Applicant and approved by KSTC/DCI). Companies will not be allowed to charge a fee as allowed by the Federal agencies on their SBIR/STTR Phase Grants.

#### **F. APPLICATION PREPARATION AND SUBMISSION**

Applications should be submitted using the on-line application system. An original copy of Appendix A (notarized) and Appendix F shall be mailed via US Mail to KSTC at the address

below. A return mailing address must be clearly visible on the outside of all packages and containers used in the delivery or mailing of the documents.

**Kentucky Science and Technology Corporation**  
**Kentucky SBIR/STTR Matching Funds Program**  
**Attn: Ken Ronald**  
**200 West Vine St., Suite 420**  
**Lexington, KY 40507**

**Section 1.** Application Forms (fill out online)

**Section 2.** Certificate of Existence and documentation of “good standing” issued by the Kentucky Secretary of State.

**Section 3.** Evidence of Federal Phase I or Phase II Award as applicable from the Federal funding agency.

**Section 4.** A signed CED Economic Incentive Disclosure Statement. (Appendix F)

**Section 5.** A letter of acknowledgement of the Application from the Director of the Innovation and Commercialization Center that serves the region in which the Applicant is located.

**Section 6.** Supporting material: CPA Certification (Use the template/letter from the Online Application System)

**Section 7.** Copy of Federal Phase I or Phase II SBIR/STTR grant application as applicable.

All documents must be submitted via the Online System

For **OUT OF STATE** Companies: The required documentation initially includes:

**Section 1.** Application Forms (filled out online)

**Section 3.** Evidence of Federal Phase I or Phase II Award from the Federal funding agency.

**Section 4.** A signed CED Economic Incentive Disclosure Statement. (Appendix F)

**Section 6.** Supporting materials. (Appendix A-notarized certification)

**Section 7.** Copy of Federal Phase I or Phase II as applicable SBIR/STTR grant application.

**The following Sections shall be submitted within 60 days of the date of the Grant Agreement.**

**Section 1** Certification of Kentucky-Based business by an independent Kentucky Certified Public Accountant. Download the template from the Online System.

**Section 2.** Certificate of Registration or Authorization and Documentation of “good standing” issued by the Kentucky Secretary of State.

**Section 3.** Documentation from the Federal Funding Agency acknowledging the applicants physical move of its primary place of business to Kentucky.

**Section 5.** A letter of acknowledgement of the Application from the Director of the Innovation and Commercialization Center that serves the region in which the Applicant is located.

Phase II Applicants are required to submit an annual report for verification of satisfactory progress, and receipt of second year Federal funding. This continuation of Phase II Matching Funds is contingent upon availability of funds from the state and satisfactory completion of year one Federal and Matching Funds Phase II efforts. The annual report will consist of a revised work plan, budget, and documentation from the Federal agency showing the amount of continued (2<sup>nd</sup> year Phase II) Federal Funding.



## **G. MATCHING FUNDS DISBURSEMENT SCHEDULE**

Applications will be considered and funds awarded, as established in these Guidelines, through the end of this Matching Funds Award Program Solicitation or until the funds available under this Solicitation have been exhausted.

### **1.0 For Phase I Matching Funds Awards:**

After receiving approval of your Matching Funds Phase I application, the Matching Funds Award will be disbursed as follows:

Activity Triggering Payment	% of Phase I Matching Funds Award Amount
Approval of the Matching Funds Award and execution of the Grant Agreement	50
Submission of a copy of each of the Federal Phase I Grant Final Report and the Federal Phase II application including other documentation required by the Program guidelines.	20
Submission of an additional quarterly report after above payment requirements are met and proof of final payment of Federal Phase I Grant amount by the Federal agency.	20
Submission and acceptance of the Matching Funds Award Phase I Final Report	10

1.1 To receive an **initial disbursement of 50%** of Phase I Matching Funds Award each Applicant must submit the following documents in the order listed below:

#### **A. For Kentucky Based Applicants:**

- An executed Grant Agreement between the Awardee and KSTC.
- Information about the company's bank account for electronic disbursement of funds.

**B. Out of State Applicants:** The awardee has 60 days from the date of the Grant Agreement to deliver these Documents. No funds will be disbursed until the following documents are received:

- Certification of Kentucky-Based business by Certified Public Accountant.
- Certificate of Existence or Authorization and Documentation of "good standing" issued by the Kentucky Secretary of State.
- Documentation from the Federal Funding Agency acknowledging the awardees physical move of its primary place of business to Kentucky.

d. A letter of acknowledgement of the Application from the Director of the Innovation and Commercialization Center that serves the region in which the Applicant has relocated.

1.2 To obtain the **second disbursement of 20%** of Matching Funds Award the Applicant must have filed complete and timely quarterly status reports with KSTC and must have also provided evidence that the Federal SBIR Phase I Final Report was received and accepted by the Federal SBIR agency and that terms of the SBIR Phase I contract between the company and the participating Federal agency were met satisfactorily by the Applicant. Such evidence must include:

- a. A copy of the **Federal SBIR/STTR Phase I Grant Final Report**;
- b. **Verification of the final payment** to the Applicant under the Federal SBIR/STTR Phase I contract. In the event that final payment is pending, a conformation letter from the relevant Federal agency documenting the company's successful completion of the Federal SBIR Phase I contract, including a statement of eligibility for final payment, may be substituted;
- c. **Proof that the Federal SBIR/STTR Phase II application has been submitted** to and received by the participating Federal agency within the required eligibility period. Examples of such proof include: a delivery notice from carrier service, e.g. Federal Express, tracking report showing the delivery date, or written or electronic notification or similar document from the Federal agency showing the date of proposal receipt.

1.3 To obtain the **third disbursement of 20% of Matching Funds Award** the Recipient must have filed an additional complete and timely quarterly report and proof of payment of the final invoice from the Federal SBIR/STTR Agency.

1.4 To obtain the **final disbursement of 10% of Matching Funds Award** the Recipient must submit and receive acceptance of the Matching Funds Phase I Final Report. This report should document the entire work performed with the Phase I Kentucky Matching Funds Award Grant and the Applicant's continuing efforts to obtain the above-referenced Phase II award from the Federal agency.

## 2.0 For **Phase II** Matching Funds Award:

After receiving approval of your Matching Funds Phase II application, the Matching Funds Award will be disbursed as follows:

Activity Triggering Payment	% of Phase II Matching Funds Award Amount for years 1 and 2
Approval of the Matching Funds Award and execution of the Grant Agreement	30% of year 1
Submission of two (2) complete and timely quarterly status reports	40% of year 1
Submission of three (3) complete and timely quarterly status reports	20% of year 1

Submission of the Annual Report	10% of year 1
Submission of the five (5) complete and timely quarterly status reports	50% of year 2
Submission of the six (6) complete and timely quarterly status reports	30% of year 2
Submission of the Matching Funds Grant Phase II Final Report	10% of year 2
Submission of proof of final payment of the Federal Phase II SBIR/STTR Grant and Acceptance of the Matching Funds Phase II Final Report	10% of year 2

**2.1** To receive an **initial disbursement of 30%** of Phase II Matching Funds Award each Applicant must submit the following documents in the order listed below:

**A. For Kentucky Based Applicants:**

- a. An executed Grant Agreement between the Awardee and KSTC.
- b. Information about the company's bank account for electronic disbursement of funds.

**B. Out of State Applicants:** The awardee has 60 days from the date of the Grant Agreement to deliver these documents. (No funds will be disbursed until all documents are received).

- a. Certification of Kentucky-Based business by Certified Public Accountant.
- b. Certificate of Existence and Documentation of "good standing" issued by the Kentucky Secretary of State.
- c. Documentation from the Federal Funding Agency acknowledging the awardees physical move of its primary place of business to Kentucky.
- d. A letter of acknowledgement of the Application from the Director of the Innovation and Commercialization Center that serves the region in which the Applicant has relocated.

**2.2** To obtain the **second disbursement 40%** of the Matching Funds Award for year 1, the Applicant must have submitted a minimum of two (2) complete and timely quarterly status reports with KSTC.

**2.3** To obtain the **third disbursement 20%** of the Matching Funds Award for year 1, the Applicant must have submitted a minimum of four (3) complete and timely quarterly status reports with KSTC.

**2.4** To obtain the **fourth disbursement of 10%** of the Matching Funds Award for year 1, the Applicant must have submitted a complete and timely annual report with KSTC which includes documentation of continued funding for the Federal Phase II SBIR/STTR effort.

**2.5** To obtain the **fifth disbursement of 50%** of the Matching Funds Award for year 2, the Applicant must have submitted a minimum of five (5) complete and timely quarterly status reports with KSTC.

2.6 To obtain the **sixth disbursement 30%** of the Matching Funds Award for year 2, the applicant must have submitted at least six (6) complete and timely quarterly status reports with KSTC.

2.7 To obtain the **seventh disbursement of 10%** of the Matching Funds Award for year 2, the Applicant must have submitted the Federal Phase II Final Report.

2.8 To obtain the **eighth and final disbursement 10%** of the Matching Funds Award for year two, the Applicant must have submitted a Matching Funds draft Final Report within 30 days of Grant completion and proof of receiving final payment of the Federal Phase II SBIR/STTR grant or contract.

## **H. LIMITATIONS ON MATCHING FUNDS AWARDS**

An applicant is restricted to a maximum of (5) Matching Funds Awards over the Program lifetime. An applicant can receive one Phase I award per solicitation. An applicant can receive one Phase II award and one continuation of that award per solicitation period. (A phase II award and continuation of that award into the second year counts as 1 award towards a total of 5 allowable). An applicant can receive one Phase I and one Phase II award in any given solicitation period. An applicant can have previous Phase I or Phase II Matching Awards continue into the current solicitation period if received from a previous solicitation as long as the total number of awards is less than five.

A Fast-Track award will count as two awards when applying for the Matching Funds Program. If a company wishes to apply for the Matching Funds award for Phase II portion of the federal fast track award, they are required to reapply even if the company had previously applied and received a Matching Funds award for the phase I portion. The Matching Fund application for the phase II portion of the fast-track federal award should not be submitted until after the actual completion of the phase I portion of the federal fast-track award. The phase I and phase II Matching Awards for the federal Fast-Track award will be counted as two separate awards under the Matching Funds Guidelines towards a maximum of five awards.

The Matching Funds Program will not offer a Match to federal agency enhancement programs such as a Phase IB or Phase IIB grant.

## **I. MATCHING FUNDS AWARD PROGRAM SOLICITATION, PERIOD, AND SUBMISSION**

For each funding cycle of the Matching Funds Award Program, KSTC/DCI will issue a call for funding proposals in the form of a Matching Funds Award Program Solicitation. The Guidelines are incorporated into all Matching Funds Award Program Solicitation, which shall also include but not be limited to: opening and closing dates for the solicitation (the "Matching Funds Award Program Solicitation Period"), the award amount available, reporting and proposal preparation guidance, and any required Application forms. To qualify for an award under a Matching Funds Award Program Solicitation, an Applicant must have been notified that it is the recipient of a Federal SBIR/STTR Program Phase I or Phase II award during the period beginning on or after January 1, 2008, through 4:00 pm Eastern Time on May 29, 2009. No applications or supplemental materials submitted in response to a Matching Funds Award Program Solicitation will be accepted after its closing date, or after funds have been exhausted, except for supplemental material requested by KSTC and/or DCI. KSTC/DCI is not responsible for Applications or materials lost or delayed in transmission.

## **J. APPLICATION REVIEW AND APPROVAL**

Applications will be reviewed to ascertain compliance with all the requirements in the Matching Funds Award Program Solicitation on a rolling, first-come, first-serve basis, through the end of a Matching Funds Award Program Solicitation Period or until the funds available for the Matching Funds Award Program have been exhausted. Date and time of receipt of the Application, will be used to establish the order for consideration of Applications. Applications will be approved on the basis of satisfactory compliance with all requirements as stated in these Guidelines and in the Matching Funds Award Program Solicitation.

## **K. GRANT AGREEMENT**

The terms under which a Matching Funds Award is made will be reflected in a Grant Agreement between KSTC and the Recipient. Terms of performance in the Grant Agreement will include but will not be limited to the following:

1. The Recipient shall comply with all requirements described in these Guidelines and the Matching Funds Award Program Solicitation,
2. The Recipient shall agree to prepare and submit regular quarterly status reports to the KSTC as outlined in the Matching Funds Award Program Solicitation.
3. The Recipient shall agree to prepare and submit a detailed annual report at the end of year one for Phase II awards. This report will contain a revised phase II work plan and budget.
3. The Recipient shall agree to prepare and submit a detailed final report as described in the Matching Funds Award Program Solicitation, to KSTC within the last quarter of work as proposed in the application.
4. The Recipient or designated agent shall comply with the audit policy of the Commonwealth of Kentucky with respect to the disposition of Matching Funds Award funds and shall comply with the certifications made by the Recipient as a condition of its Matching Funds Award. The Recipient shall also provide KSTC with timely copies of reports on any audits that review the use of Matching Funds Award funds.
5. In the event that an audit results in the determination that the Recipient has expended Matching Funds Award funds improperly or that the Recipient has not complied with the certifications made by it as a condition of its Matching Funds Award, the Recipient shall, at a minimum, be required to reimburse the Matching Funds Award Program for all such expenditures, up to the full amount of the Matching Funds Award.
- 6. The Recipient shall agree to retain and annually certify its Kentucky based status for not less than sixty (60) months from the date of final disbursement of Matching Funds Award. The Applicant's failure to meet this requirement will constitute a default by the Applicant and result in having to repay one hundred percent (100%) of the Matching Funds Award to KSTC on behalf of DCI.**

## **L. GENERAL TERMS**

1. No oral statement of any person shall modify or otherwise affect the terms and conditions of these Guidelines or of a Matching Funds Award Program Solicitation.
2. The KSTC/DCI may reject any Application that does not comply with the requirements of the Matching Funds Award Program.
3. The KSTC/DCI may refuse to approve an Application if it is not in keeping with the purpose of the Matching Funds Award Program.
4. The KSTC/DCI may withdraw a Matching Funds Award Program Solicitation at any time.

5. The Matching Funds Award Program is funded by state appropriations and awards are contingent upon the availability of state funds for these purposes.

6. KSTC/DCI, in its sole discretion, may adjust the requirements in the Matching Funds Award Program Solicitation and Program Guidelines, on a case by case basis, to remain consistent with changes or deviations in the Federal SBIR-STTR Program, as long as such adjustments are consistent with the nature and intent of the state program.

#### **M. RELEASE OF INFORMATION**

All documents submitted to KSTC/DCI, including Applications, are public records governed by Sections 61.872-61.884 of the Kentucky Revised Statutes and other applicable provisions of the Kentucky Revised Statutes protecting confidential information. When specific information in an Application is regarded by the Applicant as confidential and not subject to disclosure under the Kentucky Open Records Act, the Applicant may specifically and clearly designate it as such in writing on that portion of the Application in which the information appears. An Applicant should provide an explanation for why particular information is regarded as confidential. Applications should not be indiscriminately marked as confidential. However, the provisions of the Kentucky Open Records Act shall govern any release of information.